

## Message Text

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PAGE 01 KUWAIT 02012 01 OF 02 051110Z  
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01  
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15  
ICA-11 EB-08 COME-00 TRSE-00 ACDA-12 OMB-01 /097 W  
-----121127 051144Z /11

R 051022Z APR 78  
FM AMEMBASSY KUWAIT  
TO SECSTATE WASHDC 0622  
INFO AMEMBASSY BONN  
AMEMBASSY CAIRO  
AMEMBASSY JIDDA  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY STOCKHOLM  
AMEMBASSY TEHRAN  
USCINCEUR  
COMIDEASTFOR

C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 2012

E.O. 11652: XGDS-1  
TAGS: MASS, KU, UK  
SUBJ: KUWAIT SHELVES PLANS FOR BRITISH PATROL BOAT PURCHASE

REF: (A) 77 KUWAIT 2914 (NOTAL), (B) 77 KUWAIT 6408 (NOTAL),  
(C) KUWAIT 88 (NOTAL), (D) 76 STATE 63992 (NOTAL),

1. SUMMARY. THE UK REPORTEDLY HAS LOST A MULTI-HUNDRED  
MILLION DOLLAR DEFENSE SALES OPPORTUNITY TO SELL VOSPER  
THORNEYCRAFT PATROL CRAFT TO KUWAIT. BRITISH SOURCES ASCRIBE  
THIS TO KUWAITI SECOND THOUGHTS ON COSTS AND ABSORPTIVE CAPACITY,  
REPORTEDLY A MANIFESTATION OF A GENRAL REVIEW OF DEFENSE  
PROCUREMENT POLICY. HOWEVER, THERE ARE SOME REPORTS OF KUWAITI  
INTEREST IN EITHER FRENCH COMBATTANTE III MODEL OR IN  
OBTAINING SMALLER, LIGHTLY ARMED VESSELS. LATTER MAY CREATE A  
COMMERCIAL OPPORTUNITY FOR POTENTIAL US COMPETITORS.

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END SUMMARY.

2. BRITISH EMBOFF PROVIDED THE FOLLOWING DETAILS APRIL 3,  
FOLLOWING MARCH 28-30 VISIT TO KUWAIT BY BRITISH DEF MIN  
MULLEY:

A. DESPITE NEARLY A YEAR OF SPORADIC NEGOTIATIONS  
WITH THE GOK, DURING WHICH VOSPER SPENT A "FORTUNE" IN

UNSUCCESSFUL SALES PROMOTION (IN WHICH LOCAL BRITISH DIPLOMATS WERE HEAVILY INVOLVED), VOSPER FAILED TO PERSUADE THE GOK TO SIGN A CONTRACT FOR 10 MISSILE-ARMED PATROL CRAFT. THE NNEW KUWAITI DEF MIN, SHEIKH SALEM AL-SABAH, RECENTLY TOLD THE BRITISH AMBASSADOR THAT HE HAD SUSPENDED CONSIDERATION OF THE PATROL BOAT TRANSACTION. HE EXPLAINED THAT THE GOK WAS UNDERTAKING A "COMPREHENSIVE REVIEW OF DEFENSE EXPENDITURES" WHICH WOULD MEAN INDEFINITE DELAY IN CONSIDERATION OF PATROL CRAFT ACQUISITION. IT WAS UNCLEAR WHETHER THIS WAS TO BE A MOD REVIEW OR A HIGHER LEVEL EXAMINATION OF MILITARY PROCUREMENT POLICY. OTHER PENDING SMALLER BRITISH SALES HAVE BEEN SIMILARLY AFFECTED.

B. MINISTER MULLEY'S VISIT TO KUWAIT WAS DESIGNED PARTLY TO ASCERTAIN WHETHER THE GOK POSITION REMAINED AS PREVIOUSLY GIVEN TO THE BRITISH AMBASSADOR. THE KUWAITI DEF MIN REPEATED TO HIM THE "COMPREHENSIVE REVIEW" RATIONALE AND ADDED THAT THERE APPEARED TO BE A PROBLEM OF PROVIDING SUFFICIENT KUWAITI MANPOWER FOR NAVAL TRAINING (TO, IN EFFECT, CREATE A NAVY FOR KUWAIT) WHICH THE UK HAD PROMISED AS PART OF THE VESSEL SALES PACKAGE (REF A). MULLEY REPLIED TO SHEIKH SALEM THAT HMG WOULD NOT PROVIDE NAVAL TRAINING IF THE GOK DOES NOT BUY BRITISH VESSELS, AND THAT HMG WOULD BE DISPLEASED IF VOSPER DID NOT RECEIVE ANY CONTRACT WHICH WERE EVENTUALLY AWARDED FOR PATROL CRAFT, GIVEN VOSPER'S CONFIDENTIAL

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HEAVY EXPENDITURES TO DATE.

C. THE KUWAITI DEF MIN TOLD MULLEY THAT THERE WAS DEBATE IN KUWAIT AS TO WHETHER THE COUNTRY REALLY NEEDED A NAVY, BUT IT WAS HIS PERSONAL VIEW THAT NAVAL PROCUREMENT PLANNING WOULD EVENTUALLY PROCEED, ESPECIALLY SINCE A NAVAL BASE IS NOW UNDER CONSTRUCTION.

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-----121409 051143Z /11

R 051022Z APR 78

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C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 2012

D. THE BRITISH EMBASSY HAS CONCLUDED THAT THE VOSPER DEAL IN ITS PRESENT FORM IS OFF, AND THAT IF THE GOK DECIDES TO PROCURE PATROL CRAFT IN THE FUTURE THE SPECIFICATION WILL BE FOR FEWER, SMALLER AND RELATIVELY LIGHTLY ARMED CRAFT. UNTIL IT RECEIVES A FORMAL REJECTION OF ITS CURRENT PROPOSAL, HOWEVER, VOSPER INTENDS TO SUBMIT A SIMILAR PROPOSAL WHEN THE CURRENT ONE EXPIRES, IN WHICH INCREASED COSTS WILL BE REFLECTED.

3. COMMENT: THE BRITISH HERE SWEAR THAT NO KNOWN COMPETITOR OF VOSPER IS IN THE FIELD NOW, THOUGH THE MOD CONSIDERED BIDS IN EARLY 1977 FROM GERMAN, BRITISH FRENCH AND US COMPETITORS BEFORE CHOOSING TO NEGOTIATE WITH VOSPER. WE HAD HEARD THAT THE FRENCH HAD CUT THEIR BID DRASTICALLY AFTER VOSPER-GOK NEGOTIATIONS WERE UNDERWAY, BUT BRITISH EMBOFF DISCOUNTS THE FRENCH CAPABILITY  
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TO PROVIDE THE TRAINING THE KUWAITIS WANT AND NEED, CITING LANGUAGE PROBLEMS AND CONSIDERATION THAT FRENCH SHIPYARDS ARE ON THE MEDITERRANEAN WHILE NAVAL TRAINING FACILITIES ARE IN THE NORTH. THERE ARE PERSISTENT REPORTS, HOWEVER, THAT SOME IN THE MOD FAVOR THE FRENCH COMBATTANTE III VESSEL AND ARGUE THAT THIS VESSEL IS MOST APPROPRIATE FOR EXOCET MISSILES. THE KUWAITIS HAVE FAVORED EXOCET SINCE THE USG DECIDED NOT TO PROVIDE HARPOON (REF D).  
THUS, IT IS POSSIBLE THAT THE KUWAITI REVIEW OF DEFENSE EXPENDITURES IS MERELY AN EXCUSE NOT TO BUY WHAT WAS DECIDED TO BE AN UNSATISFACTORY VOSPER CRAFT. IN ANY EVENT, IT DOES APPEAR THAT THE GOK EVENTUALLY WILL PROCURE SOME VARIETY OF PATROL BOAT, SINCE NAVAL BASE CONSTRUCTION IS UNDERWAY AND THERE IS A RECOGNIZED NEED TO IMPROVE THE NAVAL PATROL CAPABILITY. SHOULD THE GOK SOLICIT BIDS FROM

US FOR A DIFFERENT CLASS OF VESSEL, EMBASSY WILL INFORM  
DEPARTMENT OF KUWAITI INTEREST. IN THE EVENT THAT THE GOK  
WANTS A SMALLER, LIGHTLY ARMED VESSEL, THIS MIGHT REVIVE  
AN OPPORTUNITY FOR TACOMA BOAT (OR OTHER US FIRM) TO  
PROVIDE PATROL CRAFT.  
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## Message Attributes

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Sheryl P. Walter  
Declassified/Released  
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EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014